

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Tony J. Marchio, Ed.D.  
Superintendent  
Appoquinimink School District  
PO Box 4010  
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We have performed the procedures enumerated below, which were agreed to by the State of Delaware Office of Auditor of Accounts, the State of Delaware Department of Education, and Appoquinimink School District management solely to assist the specified parties in evaluating Appoquinimink School District's compliance with 29 Del. C. c. 75, the State of Delaware Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual for the fiscal year ended June 30, 2005. The Appoquinimink School District management is responsible for compliance with State Laws and procedures relative to the school construction projects administered by the district. This agreed-upon procedures engagement was conducted in accordance with *Government Auditing Standards (2003)*, issued by the Comptroller General of the United States of America and the attestation standards established by the American Institute of Certified Public Accountants that have been incorporated by the *Government Auditing Standards (2003)*. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the Appoquinimink School District complied with the prior fiscal year's recommendations, if applicable, by reviewing these recommendations and verifying through inquiry and observation that the recommendation has been implemented.

There was one recommendation (Finding 03-01) in the prior fiscal year. The current status of the recommendation is addressed on page 3.

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2. Determine that prior year and fiscal year 2005 construction project files and records, as indicated in the attached Schedule of Construction Projects Examined, were accurate and expenditures were made in accordance with the intent of the project scope mandated by the General Assembly, the Department of Education and the Appoquinimink School District Board of Education by applying the procedures in the Construction Program Checklist prepared by the State of Delaware, Office of Auditor of Accounts.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

3. Be alert to situations or transactions that could be indicative of fraud, illegal acts, and violations of provisions of contracts or grant agreements and abuse or misuse of State funds.

Our procedures disclosed no instance of situations or transactions that could be indicative of fraud, illegal acts and violations of provisions of contracts and abuse or misuse of State funds.

The results of our procedures were discussed at an exit conference with Tony J. Marchio, Ed. D., Superintendent, Appoquinimink School District.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the school district's compliance with 29 Del C., c. 75, the State of Delaware Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Enclosed is a schedule of Construction Projects Examined for the fiscal year ended June 30, 2005. This schedule is for informational purposes only.

This report is intended for the information and use of the School District management and Board Members, Department of Education, Office of the Governor, Office of Controller General, Office of Attorney General, Office of the Budget, Department of Finance, and Office of Auditor of Accounts and is not intended to be and should not be used by anyone other than these specified parties. However, under 29 Del. C., Section 10002(d), this report is a public record and its distribution is not limited.

*McBride, Shopa & Co*

Wilmington, Delaware  
February 10, 2006

### **FINDING 03-01**

We noted during our agreed-upon procedures that unencumbered moneys for two school construction projects had not been reverted to the State as directed by Title 29, Section 7515 of the Del. C., which states, "Any sum of money which has been appropriated or allocated to any school district by the State under any school construction bond authorization act which remains unexpended 1 year after pupil occupancy of any school building constructed under the school construction bond authorization act authorizing the construction shall revert to the State and shall be deposited to a special account to be applied against future school construction bond requirements." The project is as follows:

<u>School Project</u>	<u>Fiscal Year</u>	<u>Certificate of Occupancy</u>	<u>Appropriation</u>	<u>Unencumbered Fund Balance</u>
Middletown Middle	1999	7/31/2001	6913	\$ 24
Olive B. Loss Elementary	1999	1/05/2001	6914	\$ 177

### **RECOMMENDATION**

We recommend that school district management adopt a policy whereas unencumbered school construction funds in excess of one fiscal year after occupancy are reverted to the State as required by Title 29, Section 7515, Del.C.

### **AUDITEE'S RESPONSE**

The district concurs with the importance of closing out unencumbered funds. The district was under the impression from the Budget Office that all unencumbered funds reverted to the state when the end date of the appropriation expired. The Facilities supervisor has been in contact with the state's Department of Education (DOE) and has established a process whereby DOE will be notified in writing when a project is completed. It is DOE's responsibility to contact the Budget Office to close out the appropriation.

### **CURRENT STATUS 06/30/04**

We noted the district has informed the State Department of Education and Budget Office that the unencumbered funds were to revert to the state reversion fund. The Budget Office has yet to remove the appropriations listed in the finding #03-01 from the Delaware Financial Management System (DFMS) Cumulative Budgetary Activity Report as of June 30, 2004. Therefore, the status of the finding is unchanged.

### **CURRENT STATUS 06/30/05**

We noted that the appropriated funds reverted to the state per our review of the Delaware Financial Management System (DFMS) Cumulative Budgetary Activity Report as of June 30, 2005. Therefore, this finding is no longer applicable.

**APPOQUINIMINK SCHOOL DISTRICT**  
**SCHEDULE OF CONSTRUCTION PROJECTS EXAMINED**  
**FISCAL YEAR ENDED JUNE 30, 2005**

Project Name	Funding Year	Original Funding Amount	De-Authorization Funding	Total Project Funding Life to Date	Expended Current FY	Expended Prior FY	Total Project Expenditures Life to Date	Total Unspent Fund Balance June 30, 2004
Middletown H.S.	95	\$ 14,925,400	\$ -	\$ 14,925,400	-	\$ 14,925,400	\$ 14,925,400	-
	96	3,187,000	-	3,187,000	-	3,187,000	3,187,000	-
	97	773,700	-	773,700	-	773,700	773,700	-
	01	521,100	-	521,100	-	521,100	521,100	-
	02	5,039,800	-	5,039,800	2,116	5,037,684	5,039,800	-
	03	2,483,500	(1,736,548)	746,952	2,944	744,008	746,952	-
Olive B. Loss Elem (New School)	99	530,600	-	530,600	177	530,423	530,600	-
	00	7,325,000	(4,609)	7,320,391	8,773	7,311,618	7,320,391	-
	02	1,408,500	50,428	1,458,928	-	1,458,928	1,458,928	-
	03	1,506,500	(649,900)	856,600	10,461	837,427	847,888	8,712
Brick Mill Element (New School)	01	1,065,300	-	1,065,300	97	1,063,231	1,063,328	1,972
	02	1,408,500	-	1,408,500	3,866	1,404,634	1,408,500	-
	03	5,921,100	-	5,921,100	229,120	5,624,016	5,853,136	67,964
Middletown Middle - Renovations	99	2,776,800	-	2,776,800	24	2,776,776	2,776,800	-
	00	5,889,500	-	5,889,500	-	5,889,500	5,889,500	-
	01	2,158,300	-	2,158,300	18,081	2,140,219	2,158,300	-
	02	1,103,000	75,000	1,178,000	17,227	1,160,773	1,178,000	-
Redding Middle - Renovations	99	2,441,300	-	2,441,300	-	2,441,300	2,441,300	-
	00	2,520,100	(60,206)	2,459,894	8,816	2,451,078	2,459,894	-
	01	162,600	-	162,600	-	162,600	162,600	-
	04	334,488	-	334,488	133,586	173,829	307,415	27,073
	05	4,729,700	-	4,729,700	794,118	-	794,118	3,935,582
Silver Lake Elementary Renovations	99	1,773,200	-	1,773,200	-	1,773,200	1,773,200	-
	00	1,476,600	(60,846)	1,415,754	-	1,415,754	1,415,754	-
Townsend Elementary Renovations	99	1,551,400	-	1,551,400	-	1,551,400	1,551,400	-
	00	2,301,100	-	2,301,100	-	2,301,100	2,301,100	-
Cedar Lane - Repairs	99	475,100	(490)	474,610	-	474,610	474,610	-
Cedar Lane - Renovations	01	285,100	(1)	285,099	-	285,099	285,099	-
District Office	01	814,500	-	814,500	26,805	787,695	814,500	-
	02	814,400	-	814,400	62,420	751,980	814,400	-

**APPOQUINIMINK SCHOOL DISTRICT**  
**SCHEDULE OF CONSTRUCTION PROJECTS EXAMINED**  
**FISCAL YEAR ENDED JUNE 30, 2005**

Project Name	Funding Year	Original Funding Amount	De-Authorization Funding	Total Project Funding Life to Date	Expended Current FY	Expended Prior FY	Total Project Expenditures Life to Date	Total Unspent Fund Balance June 30, 2004
New 1000 Pupil Middle (Alfred Waters)	04 05	2,502,962 2,297,300	- -	2,502,962 2,297,300	1,536,631 1,020,437	952,342 -	2,488,973 1,020,437	13,989 1,276,863
New ECC (Cedar Lane ECC)	04 05	405,750 3,378,400	- -	405,750 3,378,400	182,451 2,979,378	158,959 -	341,410 2,979,378	64,340 399,022
1600 Pupil HS Land for 1600 Pupil HS (Appoquinimink HS)	05 05	34,361,300 1,515,000	- -	34,361,300 1,515,000	1,115,663 1,515,000	- -	1,115,663 1,515,000	33,245,637 -
		<u>\$ 122,163,900</u>	<u>\$ (2,387,172)</u>	<u>119,776,728</u>	<u>\$ 9,668,191</u>	<u>\$ 71,067,383</u>	<u>\$ 80,735,574</u>	<u>\$ 39,041,154</u>

See Accountant's Report.